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DIVISION OF WATER QUALITY

m/23/007

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MAY 24 2002

DIVISION OF
OIL, GAS AND MINING

Mr. Stephen Flechner, President
North Lily Mining Company
1800 Glenarm Place, Suite 210
Denver, CO 80202

Subject: North Lily Heap Leach Facility Closure & Fourth Quarter 2001 Monitoring Reports, Permit No. UGW230001

Dear Mr. Flechner:

We received the closure report and the fourth quarter monitoring report for 2001 for the North Lily Heap Leach Facility prepared by your consultant JBR Environmental Consultants, Inc. The reports are submitted to meet Part I.F and Part I.C(1) of the Ground Water Discharge Permit No. UGW230001 issued to North Lily in November 2001.

The submitted closure report describes procedures followed to close the heap leach and the solution ponds and to dispose hazardous and nonhazardous materials. In addition, the report included as-built plans and specifications for the recently constructed absorption drain field. Based on our review, the closure and reclamation plan complies with Utah Water Quality Rules, (R317, Utah Administrative Code) and is hereby approved.

We also reviewed the fourth quarter monitoring report including field and laboratory test results. The heap leach fluid flow was measure weekly as required in the permit. The flow rate for the heap leach is reported as less than 6.41 gallons per minute, which is the flow rate limit stated in the construction and ground water discharge permits.

If you have any questions, please contact Beth Wondimu of this office.

Sincerely,

Dennis Frederick, P.E., Manager
Ground Water Quality Protection

cc: Wayne Hedburg, Division of Oil, Gas and Mining

DAF:BW:bjr

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